Saskatchewan Heritage Fund

ANNUAL REPORT

1988-89

Province of
Saskatchewan

Letter of Transmittal

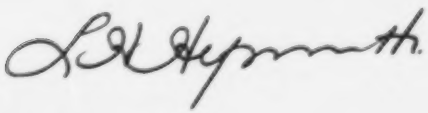
90-04180/

To Her Honour,
The Honourable Sylvia O. Fedoruk,
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the eleventh Annual Report and Financial Statements of the Saskatchewan Heritage Fund, for the year ended March 31, 1989.

Respectfully yours,



Lorne Hepworth
Minister of Finance

Introduction

The Saskatchewan Heritage Fund was established in 1978 under the authority of The Heritage Fund (Saskatchewan) Act.

Objectives

The objectives of the Heritage Fund are as follows:

1. To provide Saskatchewan citizens with a clear statement of the management of their non-renewable resource revenues.
2. To provide the Legislative Assembly of Saskatchewan with greater control over the use of these non-renewable resource revenues.
3. To provide a financial mechanism through which a portion of these revenues can be invested in assets and programs for the future benefit of Saskatchewan citizens.
4. To strengthen the budgetary position of the Consolidated Fund by assisting in the financing of the ongoing programs and services provided by government.

How the Heritage Fund Works

All non-renewable resource revenues of the Province are deposited in the Heritage Fund. Also credited to the Fund, as revenues, are interest income and dividend earnings from the Fund's investments, plus any capital gains on the disposal of these investments.

Revenues of the Heritage Fund can be applied as budgetary expenditures, which are outflows of the monies taken into the Fund, or retained as assets.

The budgetary expenditures of the Heritage Fund may include:

1. The Dividend to the Consolidated Fund – to help finance expenditures of the Consolidated Fund.
2. Incentives for oil and gas exploration and development, and for conservation projects.
3. Assistance to farmers.
4. Assistance for research and development projects.
5. Provincial Development Expenditures – to help finance capital projects.

The surplus that results from an excess of budgetary revenues over budgetary expenditures remains within the Heritage Fund, increasing its total assets. These assets can take a number of forms:

1. Current assets, comprising:
   (a) the cash balance in the Heritage Fund's bank account,
   (b) marketable securities, including debentures and other marketable instruments, and
   (c) the amount "Due from the Consolidated Fund", referring to all monies held temporarily on non-interest bearing deposit with the Consolidated Fund.
2. Loans to Crown corporations or other entities.
3. Equity Investments in Crown corporations or other entities.

Divisions of the Heritage Fund

The Heritage Fund is comprised of five divisions. Three of these divisions, the Resources Division, the Energy Security Division and the Environmental Protection Division, were established in 1980. The two newest divisions, the Agricultural Division and the Research and Development Division, were created effective April 1, 1983 by The Heritage Fund (Saskatchewan) Amendment Act, 1983.

The responsibilities of each division are as follows:

1. Resources Division

The Resources Division receives all non-renewable resource revenues of the Fund that are not specifically allocated to the other divisions. Some of these revenues may be transferred to the other divisions for specific purposes.

The Resources Division finances the Consolidated Fund Dividend and Provincial Development Expenditures. This division can also undertake other expenditures and other loans and equity investments permitted under the Act that are not undertaken through the other divisions of the Heritage Fund.

2. Energy Security Division

The objective of the Energy Security Division is to help ensure that Saskatchewan consumers have adequate energy supplies in the years ahead. This division may make expenditures, loans and equity investments to encourage energy conservation and the exploration for and development of the energy resources of the province.

3. Environmental Protection Division

The Environmental Protection Division was created to provide a contingency fund for dealing with any unforeseen environmental problems that could arise from the mining and milling of uranium in Saskatchewan.

The contingency fund, known as the Environmental Protection Reserve, is comprised of cash and short-term investments. The income and other gains from these investments is applied to, and therefore serves to increase, the assets of the division.

4. Agricultural Division

The purpose of the Agricultural Division is to encourage long-term economic growth and stability in the agricultural sector. The initial task of the Agricultural Division was to assist in funding the operations of the Farm Purchase Program, providing interest rebates to farmers for commercial mortgage loans undertaken to purchase farm land.

This division also has provided refunds to farmers under the Farmers' Oil Royalty Refund Program and may make other agricultural expenditures, loans and equity investments.

5. Research and Development Division

The Research and Development Division was established to support research and development activities that will ensure that the latest technologies are adopted by Saskatchewan firms and that new, high technology industries are attracted to the province.

The Department of Science and Technology may make loans, equity investments and grants or other expenditures from the Research and Development Division for this purpose.

The Research and Development Division was funded initially through the transfer of $51.2 million in cash and investments from the Resources Division of the Heritage Fund.

Legislative Control

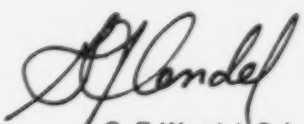
The activities of the Heritage Fund are directly controlled by the Legislative Assembly through its annual review and approval of the Fund's expenditures and long-term investments.

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the statement of financial position of the Saskatchewan Heritage Fund as at March 31, 1989 and the statements of equity, revenue and expenditure, loan, investment and deposit activity, changes in financial position and cumulative provincial development expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Saskatchewan Heritage Fund as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
October 26, 1989.

G. F. Wendel, C.A.,
A/Provincial Auditor.

Statement of Financial Position

March 31, 1989

(In Thousands of Dollars)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1989 Total	1988 Total
Assets							
Schedule							
1 Cash and Short-Term Investments (Note 1d)	$ –	$ 773	$ 8,564	$ –	$ 1,635	$ 10,972	$ 9,371
2 Short-Term Loans to Crown Entities (Note 1e)	–	50,600	–	–	47,100	97,700	91,000
Amount Receivable from the Consolidated Fund (Note 1f)	489,116	(38,724)	–	38,012	13,930	502,334	541,746
3 Loans to Crown Entities (Note 1g)	39,550	2,163	–	–	–	41,713	43,831
Loans and Sales Agreements (Note 1h)	–	–	–	5,126	–	5,126	5,348
4 Investments in Crown Entities (Note 1i)	777,287	129,757	–	–	–	907,044	824,812
Investment in Agricultural Land and Related Assets (Note 1j)	–	–	–	141,298	–	141,298	149,946
5 Other Investments (Note 1k)	–	–	–	–	2,922	2,922	4,967
Total Assets	$1,305,953	$144,569	$ 8,564	$184,436	$65,587	$1,709,109	$1,671,021
Liabilities and Equity							
Loan from the Consolidated Fund (Note 1l)	$ –	$ –	$ –	$184,436	$ –	$ 184,436	$ 184,436
Equity (Note 2a)	1,305,953	144,569	8,564	–	65,587	1,524,673	1,486,585
Total Liabilities and Equity	$1,305,953	$144,569	$ 8,564	$184,436	$65,587	$1,709,109	$1,671,021

(See Accompanying Notes)

Statement of Equity

For the Year Ended March 31, 1989

(In Thousands of Dollars)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1989 Total	1988 Total
Unallocated Equity, Beginning of Year	**$1,278,045**	**$ 93,686**	**$ –**	**$ –**	**$ 60,463**	**$1,432,194**	$1,357,207
Excess of Revenue Over Expenditure, Net of Inter-divisional Transfers	29,741	4,474	797	2,021	5,124	42,157	82,772
Loss on Sale of Land	–	–	–	(1,999)	–	(1,999)	(1,582)
Write-down – Loans to Crown Entities	(1,833)	(215)	–	–	–	(2,048)	(1,833)
Write-off of Other Loans	–	–	–	(22)	–	(22)	–
Transfer to Reserves	–	(4,749)	(797)	–	–	(5,546)	(4,371)
Unallocated Equity, End of Year	**$1,305,953**	**$ 93,196**	**$ –**	**$ –**	**$ 65,587**	**$1,464,736**	$1,432,193
Reserves, Beginning of Year	–	46,624	7,767	–	–	54,391	50,021
Transfers to Reserves	–	4,749	797	–	–	5,546	4,371
Reserves, End of Year	–	51,373	8,564	–	–	59,937	54,392
Total Equity, End of Year	**$1,305,953**	**$144,569**	**$8,564**	**$ –**	**$ 65,587**	**$1,524,673**	$1,486,585

(See Accompanying Notes)

Statement of Revenue and Expenditure

For the Year Ended March 31, 1989

(In Thousands of Dollars)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1989 Total	1988 Total
Revenue							
Non-Renewable Resource Revenue							
Coal	$ 14,853	$ –	$ –	$ –	$ –	$ 14,853	$ 18,439
Natural Gas	36,337	–	–	–	–	36,337	22,178
Oil	187,862	–	–	–	–	187,862	347,261
Potash	96,080	–	–	–	–	96,080	48,899
Uranium	17,517	–	–	–	–	17,517	19,718
Other	2,886	–	–	–	–	2,886	1,999
Total	355,535	–	–	–	–	355,535	458,494
Agricultural Lands Revenue							
Land Sales	–	–	–	6,713	–	6,713	7,758
Lease Revenue	–	–	–	11,586	–	11,586	11,681
Interest and Other	–	–	–	1,208	–	1,208	1,242
Total	–	–	–	19,507	–	19,507	20,681
Investment Revenue	–	4,749	797	202	5,124	10,872	15,771
Other Revenues	–	–	–	–	–	–	32
Total Revenue Before Inter-Divisional Transfers	355,535	4,749	797	19,709	5,124	385,914	494,978
Inter-divisional Transfers	(22,889)	–	–	22,889	–	–	–
Total Revenue, After Inter-Divisional Transfers	$332,646	$ 4,749	$797	$42,598	$5,124	$385,914	$494,978

(See Accompanying Notes)

Statement of Revenue and Expenditure

For the Year Ended March 31, 1989

(In Thousands of Dollars)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1989 Total	1988 Total
Expenditure							
Fund Dividend to Consolidated Fund (Note 2b)	$300,000	$ –	$ –	$ –	$ –	$300,000	$370,000
Compensation Payments for Oil Rights Acquired by the Crown	2,515	–	–	–	–	2,515	2,390
Interest on Refunds of Taxes	–	–	–	–	–	–	35
Grants Pursuant to the Canada-Saskatchewan Heavy Oil Agreement	–	22	–	–	–	22	384
Payments for Projects Pursuant to the Canada-Saskatchewan Heavy Oil and Fossil Fuel Research, Development and Demonstration Agreement	–	119	–	–	–	119	4,090
Payments Pursuant to the Canada-Saskatchewan Economic and Regional Development Agreement	320	–	–	–	–	320	330
Payments for Research and Development	–	–	–	–	–	–	705
Payments of Interest Rebates	–	–	–	13,635	–	13,635	16,979
Payments to Cover Deficiency of Land Bank Lease Fees in Meeting the Interest Costs Owing on Transferred Land Bank Land (Note 11)	–	–	–	10,665	–	10,665	8,586
Payments Under Trust Certificates	70	–	–	–	–	70	122
Research Grants	–	48	–	–	–	48	4
Administrative Expenses of the Canada-Saskatchewan Heavy Oil Agreement, and Alternative Fuel Test Program	–	86	–	–	–	86	128
Grants for Agricultural Lessees' Share of Compensation and Rental Payments for Surface Leases	–	–	–	537	–	537	579
Grants Pursuant to the Canadian Subsidiary Agreement on Advanced Technology	–	–	–	–	–	–	11
Refunds Pursuant to the Farmers' Oil Royalty Refund Act	–	–	–	15,740	–	15,740	7,863
Total Expenditure	302,905	275	–	40,577	–	343,757	412,206
Excess of Revenue Over Expenditure, Net of Inter-divisional Transfers	$ 29,741	$4,474	$797	$ 2,021	$5,124	$ 42,157	$ 82,772

(See Accompanying Notes)

Statement of Loan, Investment and Deposit Activity

For the Year Ended March 31, 1989

(In Thousands of Dollars)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1989 Total	1988 Total
Receipts							
Loans							
Potash Corporation of Saskatchewan	$ —	$ —	$ —	$ —	$ —	$ —	$ 5,000
Saskatchewan Power Corporation	—	70	—	—	—	70	—
Loans and Sale Agreements	—	—	—	720	—	720	834
Newgrade Energy Inc.	—	—	—	—	—	—	60,678
Investments							
Potash Corporation of Saskatchewan	418,554	—	—	—	—	418,554	—
Saskatchewan Mining Development Corporation	218,700	—	—	—	—	218,700	—
Agricultural Land and Related Assets:							
Recovery of Investment	—	—	—	6,874	—	6,874	6,220
NewGrade Energy Inc.	—	—	—	—	—	—	735
Other	—	—	—	—	2,044	2,044	1,149
Total Receipts	637,254	70	—	7,594	2,044	646,962	74,616
Disbursements							
Investments							
Agricultural Land and Related Assets	—	—	—	745	—	745	944
Crown Investments Corporation of Saskatchewan	667,311	52,174	—	—	—	719,485	77,583
Total Disbursements	667,311	52,174	—	745	—	720,230	78,527
Excess of Receipts Over Disbursements (Disbursements over Receipts)	$(30,057)	$(52,104)	$ —	$6,849	$2,044	$(73,268)	$(3,911)

(See Accompanying Notes)

Statement of Changes in Financial Position

For the Year Ended March 31, 1989

(In Thousands of Dollars)

	Resources Division	Energy Security Division	Environmental Protection Division	Agricultural Division	Research and Development Division	1989 Total	1988 Total
Cash, Short-Term Investments and Loans, and Amount Receivable from the Consolidated Fund, Beginning of Year	**$489,432**	**$ 60,280**	**$7,767**	**$29,142**	**$55,496**	**$642,117**	$563,256
Revenue and Expenditure							
Revenue, Net of Inter-divisional Transfers	332,646	4,749	797	42,598	5,124	385,914	494,978
Expenditure	302,905	275	–	40,577	–	343,757	412,206
Excess of Revenue Over Expenditure, Net of Inter-Divisional Transfers	29,741	4,474	797	2,021	5,124	42,157	82,772
Loan, Investment and Deposit							
Receipts	637,254	70	–	7,594	2,044	646,962	74,616
Disbursements	667,311	52,174	–	745	–	720,230	78,527
Excess of Receipts Over Disbursements	(30,057)	(52,104)	–	6,849	2,044	(73,268)	(3,911)
Increase (Decrease) During the Year	(316)	(47,630)	797	8,870	7,168	(31,111)	78,861
Cash, Short-Term Investments and Loans, and Amount Receivable from the Consolidated Fund, End of Year	**$489,116**	**$ 12,650**	**$8,564**	**$38,012**	**$62,664**	**$611,006**	$642,117

(See Accompanying Notes)

Statement of Cumulative Provincial Development Expenditure

For the Year Ended March 31, 1989

(In Thousands of Dollars)

	1989		1988	
	Current Year Expenditure	Cumulative Year Expenditure	Current Year Expenditure	Cumulative Year Expenditure
Resource, Economic, and Industrial Development				
Beauval — Pinehouse Development Road	$ —	$ 4,062	$ —	$ 4,062
Buffalo Narrows Causeway	—	2,532	—	2,532
Buffalo Narrows Northern Development Airport	—	2,631	—	2,631
Buffalo Narrows Northern Development Airport — Facilities	—	267	—	267
Cluff Lake Development Road	—	4,813	—	4,813
Forestry Development Roads	—	1,384	—	1,384
Interprovincial Steel and Pipe Corporation Ltd. — Plant Expansion	—	2,803	—	2,803
Key Lake Development Road	—	6,436	—	6,436
La Ronge Aircraft Maintenance Facility	—	2,261	—	2,261
Northern Highway No. 2	—	784	—	784
Northern Highway No. 105	—	548	—	548
Northern Highway No. 106	—	12,586	—	12,586
Northern Highway No. 155	—	5,394	—	5,394
Resource Research Facility — Saskatoon	—	3,684	—	3,684
Total Resource, Economic, and Industrial Development	—	50,185	—	50,185
Health and Education				
Grant to the Saskatchewan Cancer Foundation	—	1,025	—	1,025
Grant to the University Hospital — Capital	—	17,614	—	17,614
Institute of Applied Arts and Sciences — Prince Albert	—	2,071	—	2,071
Provincial Laboratory Building	—	162	—	162
Saskatchewan Rehabilitation Centre	—	741	—	741
Saskatchewan Technical Institute Expansion	—	6,874	—	6,874
Saskatoon Hospitals Construction Program	—	1,231	—	1,231
University of Saskatchewan — Engineering Building Construction	—	27,525	—	27,525
University of Saskatchewan — Geological Sciences Building Construction	—	1,650	—	1,650
University of Saskatchewan — Veterinary College Building Expansion	—	12,540	—	12,540
Total Health and Education	—	71,433	—	71,433
Culture and Recreation				
Moose Jaw Wild Animal Park Development	—	2,519	—	2,519
Parks Facilities Development	—	2,402	—	2,402
Parks Facilities Development — Cypress Hills	—	549	—	549
Restoration of Northwest Territorial Government Administration Building	—	688	—	688
Restoration of Saskatchewan House	—	4,487	—	4,487
Saskatchewan Archives Building	—	284	—	284
1979 Western Canada Summer Games Inc. — Athletic Field House Grant	—	1,750	—	1,750
Total Culture and Recreation	—	12,679	—	12,679
Municipal				
Construction of Court Houses — Regina and Saskatoon	—	25	—	25
Grant to the City of Lloydminster for Water Supply Project	—	9,150	—	9,150
Grants Under the Community Capital Fund Program	—	69,106	—	69,106
Souris River Valley Project	—	137	—	137
Total Municipal	—	78,418	—	78,418
Total Provincial Development Expenditure	$ —	$212,715	$ —	$212,715

(See Accompanying Notes)

Notes to the Financial Statements

For the Year Ended March 31, 1989

1. Significant Accounting Policies

General Policies

1a. Reporting Entity

These financial statements have been prepared for the purpose of disclosing the financial position of the Saskatchewan Heritage Fund at March 31, 1989 and the results of its financial activities for the year then ended in accordance with the statutory authorities governing its operation.

The Saskatchewan Heritage Fund is a special purpose fund established under *The Heritage Fund (Saskatchewan) Act* to receive all non-renewable resource revenues of the Province, revenues from certain agricultural lands, interest and dividends on loans and investments made by the Fund, and any gains on disposals of investments held by the Fund.

The Fund is comprised of five divisions: The Resources Division, the Energy Security Division, the Environmental Protection Division, the Agricultural Division, and the Research and Development Division.

1b. Basis of Accounting

The financial statements of the Fund are prepared using a modified cash basis for a fiscal year commencing on April 1 and ending on March 31. Revenues are recorded as received and expenditures are charged to the accounts when payment is made. In addition, revenues received in the 30 days of April in respect of revenue raised up to March 31 of the preceding fiscal year are taken into revenue of the preceding fiscal year, and payments made during the 30 days of April which are for goods and services received in the preceding fiscal year are reported as expenditures of the preceding fiscal year.

1c. Classification of Financial Transactions

In accounting for the financial transactions, a distinction is drawn between those transactions which affect equity and those which affect recorded assets and liabilities. The equity of the Fund is the difference between recorded assets and liabilities and represents the difference between accumulated revenues and accumulated expenditures. Transactions are recorded within two categories in the Fund: Revenue and Expenditure, which affect equity, and; Lending and Investing which affect recorded assets and liabilities.

- **Revenue and Expenditure**

Revenue and expenditure relate to normal operating activities.

- **Revenue**

Revenue includes revenues raised through taxation and royalties from non-renewable resources, income from investments, lease revenues and gains on the sale of certain agricultural lands.

- **Expenditure**

Expenditure includes payments for goods and services, grants, the acquisition or construction of fixed assets and Fund dividends paid to the Consolidated Fund.

- **Lending and Investing**

These transactions result from lending and investing functions which include the Fund's lending and investing activity in Crown corporations, agencies, other organizations, individuals, and in Agricultural Land and Related Assets acquired for resale.

- **Assets and Liabilities**

In general terms assets of the Fund consist of cash and short-term investments, loans to or investments in Crown entities, other organizations, individuals, and investment in Agricultural Land and Related Assets. Capital Assets are treated as an expenditure in the year of purchase.

Liabilities consist of a loan from the Consolidated Fund.

Specific Policies

1d. Cash and Short-Term Investments

- **Cash**

Cash is the balance on hand at March 31, adjusted in accordance with the modified cash basis of accounting as described in note 1b.

- **Short-Term Investments**

Short-term investments represent those investments purchased under authority of *The Heritage Fund (Saskatchewan) Act*. These investments consist mainly of chartered bank notes, treasury bills, commercial paper and bonds maturing within one year.

Short-term investments are carried at cost. Any gain (loss) on disposal of short-term investments is recorded as revenue (expenditure).

1e. Short-Term Loans to Crown Entities

These represent interest bearing loans made for a period of less than one year. Short-term loans are valued at cost.

1f. Amount Receivable From the Consolidated Fund

This represents the balance of cash transactions held by the Consolidated Fund on behalf of the Fund, except for cash received from interest and dividends which is deposited directly into the Fund. No interest accrues on this balance.

1g. Loans to Crown Entities

These are loans made for a period of greater than one year to Crown corporations, boards and commissions and generally have fixed terms of repayment. These loans are all non-interest bearing.

Loans are valued at cost. In cases where the liabilities of a Crown entity significantly exceed the estimated realizable value of its assets and the accumulated deficit is not funded by an appropriation, the loan will be written down. All write-downs are charged directly to equity.

1h. Loans and Sale Agreements

Loans and Sale Agreements represent loans to lessees, and amounts due on Sales Agreements for the sale of Agricultural Land and Related Assets less the unrealized gain in accordance with the accounting policy which provides that gains are included in revenue but are only recorded when cash is received. At March 31, 1989, long-term sales agreements outstanding total $2,784,381. Of this amount, $1,025,549 reflects the cost of land sold and is included in Loan and Sales Agreements. The balance of $1,758,832 represents the unrealized gain on the sales and will be recorded as cash is received.

1i. Investments in Crown Entities

Investments in Crown entities represent long-term equity advances which are non-interest bearing and have no fixed terms of repayment.

Investments are valued at original cost. Revaluation of the investment will occur when the liabilities of the Crown entity significantly exceed the net realizable value of its assets and the accumulated deficit is not funded by appropriation. Any write-downs reducing the carrying value of the investment are charged directly to equity.

Dividends from the investments are recorded as revenue.

1j. Investment in Agricultural Land and Related Assets

The Heritage Fund (Saskatchewan) Act, transferred the assets and liabilities of the former Saskatchewan Land Bank Commission to the Agricultural Division of the Saskatchewan Heritage Fund effective April 1, 1983. Investment in Agricultural Land and Related Assets represents the cost of land and improvements held for resale.

Sales of these lands and improvements are recorded as a recovery of investment in amounts equal to the cost and any gains are recorded as revenue when received. Where the sale involves a long-term sales agreement, the amount equal to the cost of the investment sold is recorded as an asset; any amount due in respect of a gain on the sale is recorded as revenue only upon collection. Any loss on the sale of these lands and improvements is charged directly to equity.

1k. Other Investments

These investments are carried at cost and will be revalued if it becomes evident that there has been a permanent reduction in the value of the investment.

Any write-down of an investment is charged directly to equity.

1l. Loan from the Consolidated Fund

This represents a long-term obligation to the Consolidated Fund in respect of an interest bearing loan previously due from the Saskatchewan Land Bank Commission. Pursuant to provisions of *The Farm Purchase Program Act* the Farm Purchase Program Fund is authorized to receive the lease revenues on the land formerly owned by the Saskatchewan Land Bank Commission and in turn, to pay the interest on the loan from the Consolidated Fund. Accordingly, $19,927,664 was paid by the Farm Purchase Program Fund to the Consolidated Fund in 1988-89 as interest expense on the outstanding loan. Pursuant to provisions of *The Heritage Fund (Saskatchewan) Act*, and as provided by appropriation, a payment of $10,664,986 was made from the Saskatchewan Heritage Fund to the Farm Purchase Program Fund to cover the deficiency of the lease fees in meeting the interest costs.

2. Additional Information

2a. Equity

Equity of the Fund consists of two components: unallocated equity and reserve accounts. The reserve accounts were established pursuant to Treasury Board Directive as authorized by section 14 of *The Heritage Fund (Saskatchewan) Act*.

Within the Energy Security Division, an Energy Security Reserve has been created for the purpose of funding the future development of energy resources. Within the Environmental Protection Division, an Environmental Protection Reserve has been created to provide for contingency funding to mitigate unforeseen environmental problems related to uranium milling.

2b. Fund Dividend to the Consolidated Fund

An annual appropriation in the Saskatchewan Heritage Fund provides for fund dividends to the Consolidated Fund. Payments are made upon the direction of the Minister of Finance.

2c. Comparative Information

Certain of the 1988 figures have been reclassified to conform with the current year presentation; however, with regard to expenditures of the prior year, the figures are reported on the same basis as the estimates of the prior year.

Schedule 1

Cash and Short-Term Investments

March 31, 1989

	(In Thousands of Dollars)	
	1989	1988
Cash (Overdraft)		
Energy Security Division	**$ (131)**	$ 24
Environmental Protection Division	**71**	55
Research and Development Division	**(137)**	5
	(197)	84
Short-Term Investments		
Energy Security Division	**904**	600
Environmental Protection Division	**8,493**	7,712
Research and Development Division	**1,772**	975
	11,169	9,287
	$ 10,972	$ 9,371

The market value of the Short-Term Investments at March 31, 1989 is $11,272,292 (March 31, 1988 — $9,376,865).

Schedule 2

Short-Term Loans to Crown Entities

March 31, 1989

	(In Thousands of Dollars)	
	1989	1988
Energy Security Division		
Agriculture Credit Corportion of Saskatchewan	**$ 50,600**	$ —
Crown Investments Corporation of Saskatchewan	**—**	46,000
Research and Development Division		
Crown Investments Corporation of Saskatchewan	**—**	45,000
Saskatchewan Property Management Corporation	**47,100**	—
	$ 97,700	$ 91,000

Schedule 3

Loans to Crown Entities

March 31, 1989

	(In Thousands of Dollars)	
	1989	1988
Resources Division		
Saskatchewan Grain Car Corporation	**$ 41,383**	$ 43,216
Less: Write-down	**1,833**	1,833
	39,550	41,383
Energy Security Division		
Saskatchewan Power Corporation	**2,378**	2,448
Less: Write-down	**215**	—
	2,163	2,448
	$ 41,713	$ 43,831

Schedule 4

Investment in Crown Entities

March 31, 1989

	(In Thousands of Dollars)	
	1989	1988
Resources Division		
Crown Investments Corporation of Saskatchewan	**$777,287**	$109,976
Potash Corporation of Saskatchewan	**—**	418,553
Saskatchewan Mining Development Corporation	**—**	218,700
	777,287	747,229
Energy Security Division		
Crown Investments Corporation of Saskatchewan	**129,757**	77,583
	$907,044	$824,812

Schedule 5

Other Investments

March 31, 1989

	(In Thousands of Dollars)	
	1989	1988
Research and Development Division		
Federal Government Bonds	**$ 1,037**	1,037
Provincial Government Bonds	**1,526**	3,268
Saskatchewan Municipal Bonds	**359**	662
	$ 2,922	$ 4,967

The market value of Long-Term Investments in bonds at March 31, 1989 is $2,848,648 (March 31, 1988 — $5,031,468.)